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SUBJECT: TRIAL OF INDEPENDENT NEWSPAPER EDITOR MOVES FORWARD

REF: A. CAIRO 2825
[1](#)B. CAIRO 2936

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[1](#)1. (U) The trial of Ibrahim Eissa, editor-in-chief of the independent newspaper al-Dustour, resumed on October 24 in New Cairo Court. Eissa is charged with disturbing the peace, and with harming national economic interests for publishing rumors in late August that President Mubarak was ill. (reftels).

[1](#)2. (U) The trial, attended by polof, numerous journalists, and Dutch, British and German diplomats, opened with testimony from prosecution witnesses regarding the alleged negative economic impact of the rumors about Mubarak's health. The prosecution offered this testimony in support of its claim that publication of the rumors caused a USD 350 million loss to the Egyptian stock market. Ahmed Saad, chairman of Egypt's Capital Market Authority, testified that while the Cairo stock market declined in late August, he was not able to directly link the decline to the rumors. Atef Ali Ibrahim, Sub-Governor for Investments of the Central Bank of Egypt, testified that capital outflows were heavy on August 28 and 29, the days al-Dustour published news of the rumors, but said that he could not be certain of a link between the outflows and the rumors. (Note: The publication of the rumors and the capital outflows also coincided with initial reverberations from the U.S. home loan crises in world financial markets. End note.)

[1](#)3. (U) At the conclusion of the prosecution's evidence, the court ordered the case adjourned until November 14, when additional evidence will be heard. The prosecution, apparently disappointed with the testimony regarding the alleged economic impact of the rumors, requested the opportunity to present evidence concerning the psychological impact of the rumors on the Egyptian people. While the judge did not comment on the prosecution's request, he concluded the session by confirming, at the request of the defense, that the case was before a misdemeanor court, and not a state security court (from which a verdict could not be appealed).

[1](#)4. (SBU) Comment: The sense among observers in the courtroom was that the testimony went well for Eissa. Nonetheless, the ultimate verdict will likely hinge on a political decision as to the message the GOE wants to send to journalists, and the case is probably far from over.
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